General Services Administration
Office of General Counsel
Washington, DC 20405

March 24, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Subject: Access Charge Reform, and Usage of the Public Switched Network by Information Service and Internet Access Providers, CC Docket No. 96-262 et al.

Dear Mr. Caton:

Enclosed please find the original and eighteen copies plus diskette of the General Services Administration's Comments for filing in the above-referenced proceeding.

Sincerely,

Jody B. Burton

Jody B. Burton
Assistant General Counsel
Personal Property Division

Enclosures

cc: International Transcription Service
Competitive Pricing Division (2 copies)

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	
Access Charge Reform	CC Docket No. 96-262
Price Cap Performance Review for Local Exchange Carriers	CC Docket No. 94-1
Transport Rate Structure and Pricing	CC Docket No. 91-213
Usage of the Public Switched Network by Information Service and Internet Providers	CC Docket No. 96-263

COMMENTS ON NOTICE OF INQUIRY
of the
GENERAL SERVICES ADMINISTRATION
and the
UNITED STATES DEPARTMENT OF DEFENSE

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March 24, 1997

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Summary

In the Telecommunications Act of 1996, Congress noted the importance of a national policy to preserve the competitive market that currently exists for the Internet and other interactive computer services. GSA/DOD urges the Commission to maintain the competitive nature of this industry and not burden evolving markets with costs or regulatory constraints that would stifle innovation or the development of additional information services.

A core issue of this inquiry is whether the interstate access charge system should be modified to apply access charges to information services. In its *Computer II* decision, the Commission squarely addressed this issue, distinguishing "basic" from "enhanced" services. This distinction requires that information service providers be treated as end users of the LECs' services and not as common carriers. With the increasing sophistication of information services, the line that the Commission drew 15 years ago is even more appropriate today. GSA/DOD urges the Commission to conclude that information service providers should not be considered as common carriers for any regulatory purpose, including interstate access charges.

Information service providers — like all other telecommunications users — pay for their access to the public switched network through monthly subscriber line charges for the facilities they require for connections to the LECs' wire centers. Additional access charges would unnecessarily increase the costs of information services to consumers and reduce the benefits that the nation receives from information services. Furthermore, usage–based charges on information services would neither increase the efficiencies of the LECs' networks nor provide incentives to

deploy advanced network technologies that will improve information services in the future.

Contrary to contentions by some LECs, information services are not responsible for any significant network congestion. While transmission requirements are increasing, they still represent a minor fraction of total network use. Furthermore, information services use the LECs' networks efficiently, because they are concentrated outside of the normal peak periods for voice traffic.

While not significantly contributing to network congestion, information service providers and their customers do provide LECs with substantial revenues from monthly charges for local access facilities and message unit charges on data traffic originated by information service providers and their business customers. Data communications traffic has generated revenues for LECs that exceed by large margins the incremental costs they incur to carry data traffic. With this level of profitability, LECs do not require any additional compensation from information service providers or their

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COMMENTS ON NOTICE OF INQUIRY
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and the
UNITED STATES DEPARTMENT OF DEFENSE

The General Services Administration and the United States Department of Defense ("GSA/DOD"), on behalf of the customer interests of all Federal Executive Agencies ("FEAs"), submits these Comments in response to the Commission's Notice of Inquiry ("NOI") released December 24, 1996. The NOI was released with the Commission's Notice of Proposed Rulemaking ("NPRM") concerning the structure and level of interstate access charges by the incumbent local exchange carriers. In the NOI, the Commission requests comments and replies addressing the status of interstate information services, including Internet and other on–line services, under the current access charge regime and under the rules that may result from the instant proceeding.

I. INTRODUCTION

Pursuant to Section 111(a) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 759(a)(1), GSA is vested with the responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. The FEAs are substantial users of interexchange and local telecommunications services throughout the nation. From this perspective, GSA/DOD has consistently supported the Commission's efforts to bring the benefits of competitive telecommunications markets to all consumers.

The Commission focuses this inquiry on the need to determine whether information service providers should be subject to interstate access charges.[1] However, the Commission also recognizes that the rapid development of the Internet and other information services raises broader policy questions concerning the future of the public switched network.[2] The NOI asks whether the Commission should consider additional actions relating to interstate information services and the Internet in order to address concerns regarding switch congestion or to meet other technical requirements for information services.[3] In addition, the NOI seeks comments on regulatory barriers that might prevent use of alternative access arrangements for information service providers.[4]

With rapid increases in the use of the telecommunications network to provide a multiplicity of information services, GSA/DOD concurs that the Commission should conduct a thorough review of its access charge procedures, and appreciates the opportunity to participate in this process through these Comments.

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1 NOI, para. 311.

2 *Id.*

3 *Id.*, para. 312.

4 *Id.*, para. 314.

II. INFORMATION SERVICES HAVE OPENED NEW HORIZONS FOR PRIVATE AND PUBLIC USERS THROUGHOUT THE NATION.

Information services have added a new dimension to the quality of life for many citizens. Any individual with a relative simple terminal — almost any newer computer or even a television set — can obtain information and engage in flexible interactive communications on a scale not even envisioned several years ago.

Commercial and government users of the public switched network use Internet Service Providers ("ISPs") and Enhanced Service Providers ("ESPs") to obtain much of the information that they need in their business activities. Thousands of commercial organizations and government agencies maintain information nodes or "web sites" that their customers and other members of the public can access to inquire about services, to order products, or to complete government or business transactions previously conducted through direct face–to–face contact.

Information services are vital in performing the work of almost all Federal agencies. They provide a means for millions of individuals to obtain a vast amount of information from Federal agencies each year. From this perspective, GSA/DOD urges the Commission to take any actions necessary to ensure that ISPs and ESPs continue to provide an expanding array of information to homes and workplaces throughout the nation.

III. THE COMMISSION SHOULD FOSTER DEVELOPMENT OF INFORMATION SERVICES BY FORBEARING FROM ANY REGULATION OF INFORMATION SERVICE PROVIDERS.

In the Telecommunications Act of 1996, Congress emphasized the importance of information services by noting that the policy of the United States is "to preserve the vibrant and competitive free market that presently exists for the Internet and other

interactive computer services, unfettered by Federal or State regulation."[5] The Commission has long recognized the unique nature of services provided by ISPs and other on–line companies and has provided a regulatory environment that encourages the development of information services.

While the Internet and other on–line services have expanded dramatically in recent years, many advanced services, such as electronic commerce and on-line publishing, are still being developed. While thousands of organizations have started web pages during the last few years, only a handful are obtaining substantial revenues through this media.[6]

The information services industry is still evolving. The Commission must ensure that its rules facilitate the development of additional information services. GSA/DOD urges the Commission to maintain the competitive nature of the information services industry and not burden evolving markets with costs or regulatory constraints that would stifle innovation and the development of new information services.

IV. INFORMATION SERVICE PROVIDERS SHOULD NOT BE SUBJECT TO ANY ADDITIONAL ACCESS CHARGES.

The central issue in the NOI is whether the interstate access charge system should be modified to apply access charges to information service providers. GSA/DOD strongly urges the Commission to conclude that the only appropriate access charges for information service providers are the Subscriber Line Charges ("SLCs") that these companies now incur for the access facilities that they must lease from incumbent local exchange carriers ("LECs"). No additional access charges are appropriate.

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5 Telecommunications Act of 1996, Pub L. No. 104–104, 110 Stat. 56, to be codified at 47 U.S.C. §§ 151 et seq. ("1996 Act"), § 230(b)(2).

6 "Making Money on the Net," *Business Week*, September 23, 1996.

A. Information service providers are customers of local exchange carriers.

The threshold issue to be addressed in evaluating the framework of access charges on information service providers is whether these firms should be considered "consumers of communications services" or "communications carriers." GSA/DOD believes that the Commission has already squarely addressed this question, and has correctly concluded that firms providing information services are customers of the local exchange carriers.

In its *Computer II* decision, the Commission clearly contrasted communications with data processing capabilities by distinguishing "basic services" from "enhanced services."[7] The Commission has defined basic service as providing "a pure transmission capability over a communications path that is virtually transparent in terms of its interaction with customer supplied information."[8] Interexchange carriers provide basic services, which are regulated under Title II of the Communications Act of 1934.

In contrast, the Commission noted that enhanced services are offered over common carrier facilities that "employ computer processing applications that act on the format, content, protocol or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information." Enhanced services are not regulated under Title II of the Communications Act.[9]

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7 *Final Decision*, 77 FCC 2d 384 (1980), *Memorandum Opinion & Order*, 84 FCC 2d 50, *further reconsideration* 88 FCC 2d 512 (1981) *aff'd*, 693 F.2d 198 (D.C. Cir. 1982), *cert. denied*, 461 U.S. 938 (1983).

8 693 F.2d at 205 n. 18.

9 47 C.F.R. § 64.702(a).

Information service providers are not common carriers because they do not offer transmission capability to their customers. Information service providers meet the Commission's definition of firms providing enhanced services because they use computers to act on the format and content of information and instructions provided by their own end users and provide their customers with additional or restructured information in an interactive format.

In addition to providing their customers with access to their own libraries, information service providers offer a method of obtaining access to stores of information maintained by other parties. When accessing information service providers, GSA/DOD and other users are not acquiring the right to use the Internet. They are acquiring the right to use the ISP's computers, modems, and other facilities to become "part" of the Internet.

In its NOI, the Commission notes that one of the newest information services, Internet telephony, appears to allow basic voice transmission over the packet–switched data network.[10] The argument is advanced that since Internet telephony competes with "standard" voice calling, ISPs should be subject to the system of access charges applicable to IXCs acting as common carriers.

As a substantial end user of voice and data services, GSA/DOD is convinced that any comparison between Internet telephony and standard voice calling is currently so remote that it could not possibly justify access charges for information services. With Internet telephony, users give up the features they routinely expect with common carrier voice communications — privacy, accountability, and performance guarantees.[11] If links between the ISPs' customers and web sites are broken, ISPs do

10 NOI, para. 316.

11 "Postcards and Party Lines," *America's Network*, February 15, 1997.

not undertake to repair or replace them. Vertical features which are important to end users, such as Caller ID and call blocking, are far beyond the present state of Internet development.[12]

With the increasing complexity and sophistication of information services, the distinctions that the Commission noted more than 15 years ago are even more valid today. Information service providers should not be considered as common carriers for any regulatory purpose, including interstate access charges.

B. Information service providers now properly pay access charges as end users.

Information service providers — like all other telecommunications users — already pay for access to the public switched network through monthly SLCs on the facilities they lease from LECs. They should not also be required to meet the access charge requirements placed on interstate common carriers.

An information services provider is connected to the switch of the local exchange carrier through the same types of dedicated access facilities that are employed by other large business end users. In most cases, local access is through DS–1 capacity (1.544 Mbps) facilities that provide twenty-four 64 kbps channels over a fiber optic cable or multiple copper pairs.

As a consortium of ISPs noted in comments to the Commission, various types of rate plans are used by local exchange carriers to recover the costs of the dedicated access facilities.[13] For example, an ISP may lease 24 lines at the rates applicable to digital trunk groups or at the rates specified for an Integrated Switched Digital Network ("ISDN") primary rate interface.

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12 *Id.*

13 NPRM, "The Effect of Internet Use on the Nation's Telephone Network," study accompanying filing of Internet Access Coalition, January 22, 1997, ("Internet Study"), pp. 13–15.

In all cases, the Commission's current access charge rules require application of the interstate SLC to each access channel. As for any other business end user, an ISP deriving multiple channels from a DS–1 is required to pay the full interstate SLC for each transmission path.

At present, the SLC cap for residence and single–line business users is $3.50 monthly, while the monthly cap for multi–line business users is $6.00. As GSA/DOD explained in its earlier comments and reply comments in this proceeding, multi–line customers should not be subject to a greater SLC than the charge applied to single–line users.[14] While this disparity continues, information service providers are paying more than their share of the access charges on end users. In any event, they should not be required to pay any additional access charges that other business users do not pay.

C. Additional access charges on providers would increase costs to consumers and reduce the benefits that the nation receives from information services.

The Internet access market is highly competitive, with more than 2,000 companies offering Internet access in mid–1996.[15] Competition in the industry has caused exceedingly thin profit margins.[16] Additional access charges would impair the ability of these firms to offer services without major increases in the charges to their own customers.

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14 NPRM, Comments of GSA/DOD, January 29, 1997, p. 11; and Reply Comments of GSA/DOD, February 14, 1997, p. 7.

15 America's Carriers Telecomunication Association, Provision of Interstate and International Interexchange Telecommunications Service via the "Internet" by Non–Tariffed, Uncertified Entities, Petition for Declatory Ruling, Special Relief, and Institution of a Rulemaking, RM–8775, filed March 4, 1996.

16 NPRM, Comments of America Online, Inc., p. 7.

Data provided by an association of Internet providers demonstrates that a usage–based access charge reflecting the present charge on interexchange carriers would drastically increase the costs of information services.[17]

Increase in Internet Service Costs

Weekly Internet Use (hours)	Increase in Monthly Costs
2	$ 14.00
5	$ 36.00
10	$ 72.00
20	$ 144.00

Assuming that information service providers pass access costs on to their customers, the costs of Internet access would rise precipitously.[18]

Many ISPs offer unlimited residential service for $19.95 monthly, and some offer this access for even less.[19] Therefore, as shown by the table above, a nominal access change would increase the cost for marginal use of the Internet, such as two hours per week, by about 70 percent. Customers with higher levels of usage could face a doubling or tripling of charges. Such increases in the costs of obtaining access will surely reduce the number of Internet subscribers, and will retard the use of the information networks generally, as access firms are forced to shift to usage–based rate structures.

D. Usage–based access charges on information service providers would not increase efficiencies in using the LECs' networks.

The Bell Operating Companies ("BOCs") and Bellcore have attempted to convince regulators that on–line services threaten the integrity of the public switched

17 Comments of Commercial Internet eXchange Association, p. 6.

18 *Id.*

19 *Id.*

telephone network.[20] However, as discussed below, these claims are unfounded. Data communications traffic poses no general threat to network integrity at the present time. Moreover, the imposition of per–minute access charges for information services is not the appropriate or economically efficient method of resolving isolated cases of network congestion or managing increases in network traffic that might reasonably be anticipated in the foreseeable future.

The BOCs contend that the Commission must impose duration–based access charges on information service providers as a means of relieving traffic congestion at end offices that serve information providers. However, as the Internet Study demonstrates, the Bell operating companies have myriad technical solutions available to them that can be implemented to accommodate information services traffic.[21] Moreover, even if the Commission accepts the BOCs' arguments, there is no way to ensure that revenues generated from a hypothetical access charge would be used to invest in a network that can accommodate more traffic.[22]

Providing BOCs with interstate access charge revenues from information service providers will not motivate them to expand the public switched network. In a competitive market, firms finance investments based on the anticipation of future revenues generated by new or improved services. A consortium of providers observes that, unless the intent of access charges is to put information service firms out of business, access charges will not address the limitations in planning and engineering that have been responsible for the isolated congestion problems that BOCs illustrate.[23]

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20 Internet Study, p. 1.

21 *Id.*, pp. 19–34; pp. 52–53.

22 *Id.*, p. 4.

23 *Id.*

In short, the recommendation for per–minute access charges "applies a punishment, without a cure."[24]

E. Usage–based access charges on information service providers would not provide incentives to deploy advanced network technologies.

The goal of accommodating increased data traffic lies in the stimulation of more competition and the deployment of data–friendly network technologies. In a competitive environment, new entrants will offer services that can accommodate high–speed data traffic more efficiently.

Most data messages today use the general switched network differently from voice messages. Voice messages are transmitted on a circuit basis. When a call is placed, the telephone switch determines the route along which the call will be transmitted, establishes the transmission path and reserves the path for the entire duration of the call. The circuit is an exclusive connection between the two points, and cannot be used by anyone else during the call.

Most data traffic, in contrast, is transmitted on a packet basis. Data is divided into segments before transmission. The segments are then re–assembled once they arrive at the destination terminal. All of the segments in a data message do not have to use the same transmission path, because each segment contains address information that is used by the network switches and routers to establish the most efficient path for the segment under the existing traffic conditions.

Since most access facilities were originally engineered exclusively for voice messages, it is fortunate that voice and packet transmissions can be accommodated simultaneously. No network, however, can be optimized to meet such widely

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24 *Id.*

divergent requirements. As aggregate transmission requirements shift from voice to data, the value of alternative access arrangements will increase dramatically.

As Internet service providers noted in earlier comments, consumers are beginning to have more options to access their facilities.[25] In some locations, cable television companies are offering access to ISPs through their networks.[26] Some firms are also beginning to offer access to ISPs through satellite–based services.[27]

Alternative access arrangements and other innovative engineering techniques will provide the means to accommodate almost unlimited increases in the requirements for information services in the longer term. The application of usage–based access charges on information service providers at the present time will not foster innovative competition to the incumbent local exchange carriers that will help increase capacities in the future.

V. INFORMATION SERVICE PROVIDERS ARE NOT RESPONSIBLE FOR NETWORK CONGESTION.

A. Information transmission requirements are increasing, but they are still a minor fraction of total network use.

Because of the rapid growth of the Internet, information service providers are responsible for greater transmission volumes over the public switched network each year. However, Internet volumes are still small compared with the requirements for voice transmission.

As explained above, data and voice messages are transmitted by entirely different methods, and cannot be compared on the basis of transmission minutes. Indeed, data traffic is "bursty" and does not require a dedicated circuit path during an

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25 Comments of Pennsylvania Internet Service Providers, January 27, 1997, p. 22.

26 *Id.*

27 *Id.*

entire transmission. Voice traffic, however, is less efficient and requires a dedicated transmission path for the duration of the call.

The transmission requirements for packet data should be compared with the total for all types of traffic on the basis of "bits," which is the basic unit for measuring the information transmitted in a network. Using statistical data maintained by the Commission on total dial equipment minutes[28] and data on Internet backbone traffic available from Merit Network, Inc., GSA/DOD calculates that Internet usage accounted for less than 0.03 percent of information transmitted on the public switched network in 1994.[29] Furthermore, as discussed below, this relatively small part of the total network traffic is routed very efficiently through the transmission facilities and switches of local exchange carriers.

B. Requirements for LEC usage–sensitive facilities are disproportionately off–peak.

Information service providers generally employ both fixed and usage–sensitive facilitates of local exchange carriers. Dedicated local access facilities connect information service providers and their customers to the public switched network through links to LEC wire centers. The cost of a dedicated local access facility does not depend on the volume of traffic it carries.

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28 According to data published by the Commission's Industry Analysis Division, the total interstate and intrastate network usage was 2,898 billion dial equipment minutes ("DEMs") in 1994. ("Trends in Telephone Service," May 1996, Table 21, p. 35) This total may be converted to bits by dividing by two to correct for the fact that DEMs are counted at the transmitting and receiving ends of the message, then multiplying by 60 to convert to seconds, and finally multiplying by 64,000 bits per second, the transmission speed of a standard digital voice channel. The result — 5,564,000 trillion bits — is an approximation to the total amount of information transmitted over the public switched network in 1994.

29 Merit Network, Inc. is a non–profit corporation owned by 11 public universities in Michigan which have been active in the management of the Internet backbone network for many years. From the web site maintained by this organization, GSA/DOD obtained data on the amount of Internet backbone traffic in 1994. (The web address is "ftp://nic.merit.edu/nsfnet/statistics/history.bytes.") These data show that backbone Internet traffic amounted to 157,843 billion bytes in that year. Applying the conversion factor of eight bits to one byte, Internet traffic was approximately 1,263 trillion bits, which is 0.023 percent of the 5,564,000 trillion bit total for all types of traffic combined.

Information service providers also require usage–sensitive facilities, including interoffice trunks and local switches. However, information services place minimal incremental requirements on these facilities, because they are concentrated in time periods when LEC transmission capacity would otherwise be underutilized.

Usage–sensitive elements of the public switched network must be provisioned to meet expected demands at the peak calling period. Therefore, a service that is significantly off–peak has a relatively low impact on network capacity requirements or operating costs. The off–peak nature of information services reduces the requirements for additional network facilities and helps to cut the costs of all other telecommunications services provided to end users.

In previous comments in this proceeding, the Internet Access Coalition noted that studies by the BOCs show that the bulk of ISP traffic is in off–peak periods and therefore uses capacity that would otherwise be idle.[30] A Bell Atlantic report to the Commission in June 1996 demonstrates the off–peak nature of information services.[31] In this report, Bell Atlantic provided data on the busy hour for four different customer groups in nine of its wire centers during a four–week period.[32]

Bell Atlantic Busy Hour Data

Customer Group	Peak Hour
ISPs using single measured business lines	11:00 PM
ISPs using ISDN primary rate interface	10:00 PM
All business customers with multi–line hunting	5:00 PM
Average for entire central office	4:00 PM

30 Internet Study, p. 3.

31 "Report of Bell Atlantic on Internet Traffic" attached to letter by Joseph J. Muliere, Director – FCC Relations of Bell Atlantic, to James D. Schlichting, Chief of the FCC Competitive Pricing Division, June 28, 1996.

32 *Id.*, p. 6.

For these wire centers in the study period, the average busy hour was 4:00 PM. The average busy hour for business subscribers with multi–line hunting — generally large business customers — was one hour later. However, the two major groups of information service providers — ISPs using single business lines and ISPs using ISDN lines — both had busy hours far into the evening period.

A similar study by another major local exchange carrier, Pacific Telesis, demonstrated the same differences in usage patterns. In this company's study, the average busy hour was 4:00 PM for all central offices surveyed, while the average busy hour for Internet access was 10:00 PM.[33]

C. Local exchange carriers do not need additional compensation.

LECs receive revenues from information service providers and their customers under existing local rate schedules. The LECs' charges for leased access facilities and network usage under these rate schedules substantially exceed costs.

In the first place, LECs have received substantial monthly revenues from access facilities used to connect information service providers and their customers with local wire centers. For example, 15 ISPs in one state alone obtain more than 2,500 local access lines from Bell Atlantic–Pennsylvania and GTE North.[34] Annually, these 15 companies pay more than $1.5 million to these LECs for lines and services.[35]

In addition to revenue from the information service providers, the LECs have realized substantial revenues from monthly service charges paid by residential and business users for additional lines. According to one national study, some six million residential access lines were used exclusively or primarily for on–line access in

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33 "Crying 'uncle' or crying 'wolf'?," *America's Network*, December 1, 1996.

34 NPRM, Comments of Pennsylvania Internet Service Providers, p. 4.

35 *Id.*

1995.[36] In the period 1990 through 1995, LECs collected more than $3.5 billion in additional revenues for lines added by residential subscribers primarily for access to information service providers.[37]

In most metropolitan areas, flat rate local service is only available to residential subscribers — not business users. Business users of local exchange services — all information service providers and many of their customers, including government users — typically must pay local message charges for all voice and data messages that transit the local network.

The state–regulated charges for local usage are commonly set far above costs, so that information services are extremely profitable for the LECs. Moreover, while it is often claimed that residential exchange access service is priced below cost, this claim relates to the access line and not to local usage. Local usage, whether billed on the basis of messages or minutes of use, is almost invariably priced far in excess of incremental cost. Moreover, since most additional residential demand can be satisfied through the use of capacity that is already in place, the incremental costs of furnishing additional lines to existing residential premises are extremely low.

In summary, the Commission should not subject information service providers to additional access charges. Information service providers and their customers lease facilities from LECs and pay message charges for data transmitted over the LECs' facilities. The information services are substantially off–peak. The services provide substantial incremental revenues, with minimal incremental costs. One study concludes that data communications traffic has generated revenues for LECs that exceed the incremental costs they incur to carry this traffic by a factor of six.[38] The

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36 Internet Study, p. vii.

37 *Id.*

38 *Id.*

LECs do not require any additional compensation from information service providers or their customers.

VI. THE COMMISSION SHOULD NOT DISTINGUISH BETWEEN DIFFERENT CATEGORIES OF INFORMATION SERVICES IN THIS PROCEEDING.

The Commission observes that the various types of information services have different usage patterns and different impacts on the network.[39] For example, arguments that long data messages cause network congestion would certainly not seem to apply to information services such as credit card validation.[40] The Commission requests comments on whether it should distinguish different types of information services from each other in any rules that it adopts at this time.[41]

GSA/DOD believes that the Commission should not distinguish information services at the present time. Although there are some differences in demands on the network, most information service transmissions share a common bandwidth constraint. Most users of the Internet and other on–line services employ dial–up access, which is constrained to a voice–channel bandwidth equivalent of 64 Kbps at the customer's premises.

Video conference calls, which require at least 256 Kbps for good transmission quality, place far greater requirements on the public network. However, at this time, video transmissions are a minor part of total data transmission requirements. Furthermore, for full motion teleconferencing, end users must acquire additional access facilities from the LEC, at greatly increased cost to the customer.

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39 NOI, para. 316.

40 *Id.*

41 *Id.*

The Commission notes that it plans to address legal questions concerning Internet telephony, and other issues concerning the dichotomy between basic and enhanced services, in a subsequent proceeding.[42] GSA/DOD concurs that consideration of these issues should be deferred to that proceeding.

42 *Id.*, p. 139, n. 438.

VII. CONCLUSION

As a major user of telecommunications services, GSA/DOD urges the Commission to refrain from imposing additional access charges on Internet Service Providers or Enhanced Service Providers, and to take the additional pro–competitive actions outlined in these comments.

Respectfully submitted,

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March 24, 1997

CERTIFICATE OF SERVICE

I Jody B. Burton, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 24th day of March, 1997, by hand delivery or postage paid to the following parties:

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